

CLASSIFICATION

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CENTRAL INTELLIGENCE AGENCY

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INFORMATION REPORT

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COUNTRY Germany (Russian Zone)

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SUPPLEMENT TO REPORT NO.

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1. After the Economic Ministry in Moscow has approved the production plan for liquid fuels of the SAG factories, as well as that for VEB plants and private industry, distribution schedules are worked out in accordance with the following procedure:

- a) The Soviet Occupational authorities decide what amount of the total production is to be placed at the disposal of the DDR domestic economy.
- b) It is then ascertained how much of this amount is to be set aside for particular products.
- c) The Soviet Control Commission establishes its demands upon the entire production. These quotas must be absolutely complied with.
- d) The various DDR ministries, using a special system, decide what amounts they will need to fulfill the production delegated to their respective branches of the economy; these quotas are reported to the State Secretariat of Material Procurement.
- e) The State Secretariat of Material Procurement balances these demands against the total amount to be supplied and makes up monthly and quarterly distribution plans. The distribution tables must be approved by the Council of Ministers.
- f) After approval, the chief recipients of quotas receive their distribution plans. These are:
 - 1) Deutscher Innen- und Aussenhandel (DIA)
 - 2) Deutsche Waren-Vertriebsgesellschaft (DWV)
 - 3) Meletex
 - 4) D.H.Z. Kraftstoffe und Mineralöle
 - 5) Office of Reparations
- g) The quota recipients inform, in writing, the delivering works of the place and time they desire delivery.* Distribution is made to the various tank storage sites, small depots, large depots, or police, as well as to MAS.** In the case of deliveries to Soviet military units stationed in Germany, the GOFG in Potsdam gives the complete or partial order to

the Office of Reparations. Chemipha receives its deliveries directly through Weissensee, and thus only formally is under the jurisdiction of the State Secretariat of Material Procurement.

h) See attachment one for a chart diagramming the above.

2. Production planning in the DDR is done on three separate bases, as follows:

- a) SAG-plants: The plants forward their proposed production plans directly to the Administration of Soviet Property in Berlin-Weissensee. The plans of all SAG's are then sent, together, to the USSR Economic Ministry in Moscow. The Moscow office approves or changes the plans and re-directs them to the SCG, Karlshorst. The final version is returned to the plants.
- b) Important VEB plants: Plans are sent to and received from Secretariat of Material Procurement. In the case of smaller VEB factories, the VEB concerned coordinates the proposals and approved versions.
- c) Private industries: These plants forward their production proposals to the appropriate State Contract Office (Staatliches Vertragskontor). The Contract Offices receive each month, in advance, their orders from the appropriate Deutsche Handelszentrale; these are passed on to various private firms at the discretion of the Contract Office. The private companies can only use for their own ends 30 percent of their production. Punishment is meted out to those exceeding this quota. Their distribution of raw materials also depends on the willingness of the private concerns.
- d) See attachment two for chart diagramming the above.

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* Comment: DHZ Kraftstoffe und Mineröle is an exception to this routine; it accepts deliveries of its quota at the distribution sections in the various Länder.

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** Comment: Maschinen Ausleihstationen (Machine Lending Stations).

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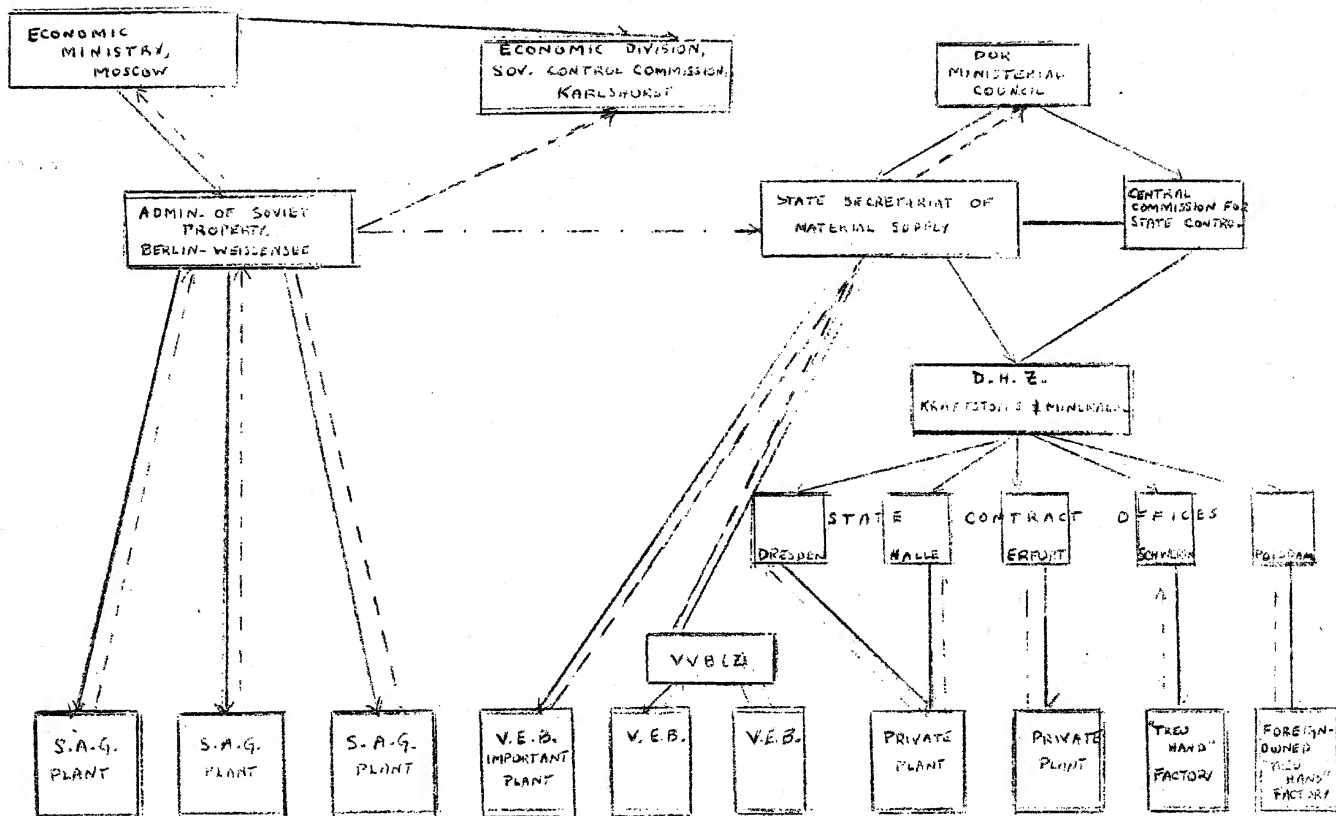
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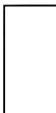
CHART OF DDR LIQUID FUEL DISTRIBUTION SYSTEM



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 ATTACHMENT TWO
 FLOW OF PRODUCTION PLANNING AND ORDERS IN THE DDR

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